

Arizona School District Spending Fiscal Year 2020

State per pupil spending and instructional spending percentage continued upward trend, and State average teacher salary increased to \$54,814—a 13.3 percent increase over 2017’s average but short of 15 percent cumulative goal

Special Study

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Report 21-201

A Report to the Arizona Legislature

Lindsey A. Perry
Auditor General





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March 1, 2021

Members of the Arizona Legislature

The Honorable Doug Ducey, Governor

I am pleased to present our report, *Arizona School District Spending, Fiscal Year 2020*, prepared in response to the Arizona Revised Statutes §41-1279.03 requirement to determine the percentage of every dollar Arizona school districts spend in the classroom. To provide a quick summary for your convenience, I am also transmitting the report highlights within this report.

The report Introduction includes definitions of key terms used in the report and a brief discussion of the COVID-19 pandemic's potential impact on information presented in the report. Chapter 1 analyzes State per pupil spending trends and, specifically, spending on instruction since fiscal year 2001 when we began monitoring school district spending. Chapter 2 analyzes changes in the State average teacher salary between fiscal years 2017 and 2020, during which time the State budget included additional monies intended to increase teacher salaries. As in prior years, the report also contains a 1-page summary for the State and each district showing their performance on various financial and other measures. Lastly, a Microsoft Excel data file containing the numbers and other information presented on these summary pages is available on our website.

My staff and I will be pleased to discuss or clarify items in the report.

Sincerely,

Lindsey A. Perry, CPA, CFE
Auditor General

Arizona School District Spending Fiscal Year 2020

State per pupil spending and instructional spending percentage continued upward trend, and State average teacher salary increased to \$54,814—a 13.3 percent increase over 2017’s average but short of 15 percent cumulative goal

Special study purpose

To analyze Arizona school district spending at both the State and individual district levels.

Key information

Per pupil spending

- After controlling for inflation, between fiscal years 2001 and 2020, total per pupil operational spending increased \$1,241, or 15.7 percent.
 - Per pupil operational spending represents how much money school districts spent for their day-to-day functions or activities such as for instruction, administration, and plant operations. This measure allows for the comparison of how much a district or the State spent for each student, on average, to other districts or states and the analysis of spending changes over time.
- During this 20-year period, there were substantial changes to Arizona school district funding through voter-approved initiatives and the State budget process, and changes likely impacted districts’ spending.

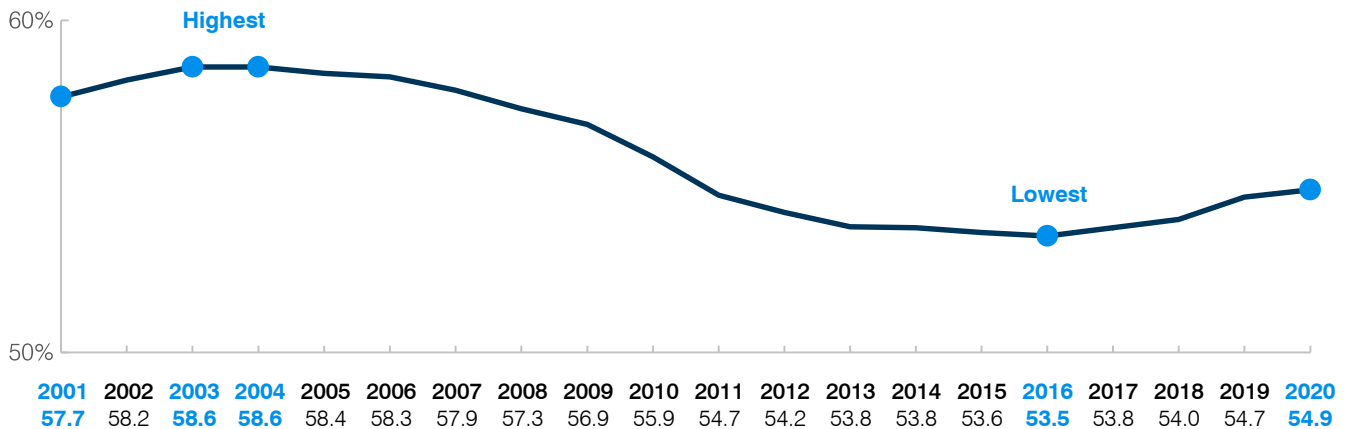
Students attending and per pupil spending by operational area Prior-year and 20-year comparison Fiscal years 2001, 2019, and 2020

	Prior-year comparison			20-year comparison (inflation adjusted to 2020 dollars)		
	2019	2020	Change	2001	2020	Change
Students attending	893,636	894,180	544	799,667	894,180	94,513
Operational area						
Instruction	\$4,869	\$5,016	\$147	\$4,552	\$5,016	\$ 464
Student support	754	796	42	499	796	297
Instruction support	497	513	16	343	513	170
Administration	903	936	33	839	936	97
Plant operations	1,027	1,048	21	975	1,048	73
Food service	438	432	(6)	391	432	41
Transportation	417	395	(22)	296	395	99
Total operational spending	\$8,905	\$9,136	\$231	\$7,895	\$9,136	\$1,241

Instructional spending percentage

- The State instructional spending percentage increased 0.2 percentage points between fiscal years 2019 and 2020 to 54.9 percent, which is 2.8 percentage points lower than the 2001 percentage when monitoring began.
 - The State instructional spending percentage represents how much of school districts' total operational spending was for instruction versus other operational areas, such as student support, administration, and plant operations.

Arizona instructional spending percentages Fiscal years 2001 through 2020



- Individual districts' operational spending varied, and although factors outside a district's control can impact how it budgets and spends its monies, districts that operated efficiently spent a higher percentage of their monies on instruction.

Average teacher salary

- The State average teacher salary increased to \$54,814, which is a 13.3 percent increase over fiscal year 2017's average but short of the 15 percent cumulative goal.

Intended and actual State average teacher salary increases Fiscal years 2017 through 2020

Fiscal year	Intended % increase from base year	State average teacher salary	Actual % increase from base year
2017	Base year	\$48,372	
2018	1%	\$48,951	1.2%
2019	10%	\$52,441	8.4%
2020	15%	\$54,814	13.3%
Future increase			
2021	20%	Future increase to be determined	



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This report analyzes Arizona school district spending at both the State and individual district levels. This is the 20th annual report that addresses the requirement in Arizona Revised Statutes §41-1279.03 for the Auditor General to monitor Arizona school districts to determine the percentage of every dollar they spent in the classroom.

Key terms used in this report

In the 1st school district spending report we issued, which focused on fiscal year 2001 spending, we used the U.S. Department of Education's (DOE) National Center for Education Statistics (NCES) definition of dollars spent on instruction as the definition of "dollars spent in the classroom." For consistency in monitoring school districts' spending, we used this same definition for all school district spending reports we have issued since then.¹ Throughout this report, we use certain key terms when describing and analyzing school district spending. Specifically, total spending represents a district's combined operational and nonoperational spending, which are broken down by area and defined in the textbox on page 2. These categories follow Arizona's Uniform Chart of Accounts for school districts, which meets the requirements of DOE's account classifications, providing the ability to compare individual Arizona school districts' spending to Arizona peer districts' averages, Arizona's spending to national averages, and Arizona's and individual Arizona districts' spending over time. Operational spending, as shown in the textbox on page 2, includes instructional spending as well as spending for student support, instruction support, administration, plant operations, food service, and transportation. The colors labeling each operational area in the textbox mirror the colors labeling the areas in the spending by operational area graphic found on the State and individual district summary pages (see pages 12 through 219). For additional context, the textbox on page 2 also shows and defines the areas that make up nonoperational spending.

What you will find in this report

Chapter 1 (see pages 4 through 8)—Chapter 1 provides analysis of State per pupil operational spending trends and the State's instructional spending percentage trend, including both a 1-year and 20-year look back. It also identifies spending differences between Arizona school districts.

Chapter 2 (see pages 9 through 10)—Chapter 2 provides analysis of changes in the State average teacher salary between fiscal years 2017 and 2020.

State and individual district summary pages—In addition to the State information discussed in Chapters 1 and 2, this report also contains a 1-page State summary (see page 12) and a 1-page summary for each school district (see pages 13 through 219) that present measures such as instructional spending percentage, operational and nonoperational spending compared to national or peer averages, and average teacher salary between fiscal years 2017 and 2020. See page 11 for a summary of significant changes to the State and individual district summary pages from last year's report.

Appendices—This report's appendices provide lists of districts in each operational and transportation peer group (see Appendix A, pages a-1 through a-11); Arizona's operational and total spending per pupil for fiscal years 2001 through 2020 unadjusted and inflation adjusted to fiscal year 2020 dollars (see Appendix B, page b-1) and the report's objectives, scope, and methodology (see Appendix C, pages c-1 through c-6).

¹ Since 2001, revisions in expenditure-reporting requirements and clarifications were made to the Arizona Uniform Chart of Accounts for school districts to comply with changes made to the federal chart of accounts or other federal and State reporting requirement changes. Our definition has followed these requirements.

Total spending

Total spending represents districts' combined operational and nonoperational spending.

Operational spending

Operational spending includes costs school districts incurred for their day-to-day operations and includes these 7 categories:

Instruction

Teachers, teachers' aides, substitute teachers, graders, guest lecturers, general instructional supplies, instructional aids, field trips, athletics, co-curricular activities, and tuition

Student support

Counselors, audiologists, speech pathologists, nurses, social workers, and attendance services

Instruction support

Librarians, teacher training, curriculum development, special education directors, media specialists, and instruction-related technology services

Administration

Superintendents, principals, business managers, clerical, and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities, and administrative technology services; and other costs related to these services and the governing board

Plant operations

Equipment repair, building maintenance, custodial services, groundskeeping, and security; and costs for heating, cooling, lighting, and property insurance

Food service

Food supplies and other costs related to preparing, transporting, and serving meals and snacks

Transportation

Costs related to maintaining buses and transporting students to and from school and school activities

Nonoperational spending

Nonoperational spending includes costs school districts incurred to acquire capital assets (such as purchasing or leasing land, buildings, and equipment), interest, and programs such as adult education and community service that are outside the scope of preschool through grade 12 education, but excludes principal payments on bond debt.¹ Nonoperational spending includes these 4 categories:

Land and buildings

Purchasing or leasing land and existing buildings, constructing and renovating school buildings, and improving school grounds

Equipment

Purchasing or leasing initial, additional, and replacement equipment, such as furniture, vehicles, and technology-related hardware and noninstructional software

Interest

Interest on long- and short-term debt

Other

Remaining nonoperational spending, primarily consisting of adult education, community service programs, and civic activities

¹ We include the expenditures districts make with bond revenues for the acquisition or improvement of capital assets in nonoperational spending, but we exclude the principal payments districts make to repay the bond debt so as not to double-count expenditures in total spending.

Potential impact of COVID-19 on information presented in this report

On March 15, 2020, the Arizona Governor and Superintendent of Public Instruction announced a State-wide physical school closure (districts were instructed to provide distance learning) in response to the COVID-19 pandemic. This closure was originally effective for 2 weeks but was later extended for the remainder of the 2019-2020 school year (fiscal year 2020). To address the impacts of school closures, Laws 2020, Ch. 47, modified statutory requirements such as those related to the number of school days and instructional hours, State-wide assessments, school letter grades, graduation and grade promotion criteria, and transportation funding. Additionally, it directed school districts to continue paying all employees, including hourly employees, for the duration of the closure. Further, the Arizona Department of Education (ADE) worked to implement waivers that allowed school districts to serve meals under the rules of the federal Summer Food Service Program (SFSP) for the remainder of the school year, which allowed districts to serve breakfast and lunch at the same time and to anyone under 18 years of age regardless of their district enrollment status.

On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law and made several federal relief grants available to school districts, which were administered through ADE or the Governor's Office. As the pandemic continued past the end of fiscal year 2020, districts that applied for and received these grant monies in fiscal year 2020 were granted flexibility to continue using the grant monies to reimburse eligible COVID-19-related expenditures through June 30, 2020 (fiscal year 2020), or use them through September 30, 2022 (partway through fiscal year 2023). This is important to note when reviewing the State's and individual districts' federal relief grant spending presented on the State and individual district summaries as districts may have requested and received more in federal relief grant monies than they used to reimburse fiscal year 2020 pandemic-related costs—for example, if they saved monies for fiscal year 2021. Further, district-reported COVID-19 federal relief grant spending includes only federal CARES Act monies used for pandemic-related costs and does not include any spending from other sources districts may have used for pandemic-related costs.

When reviewing school district spending at the State level, it may not be evident that the COVID-19 pandemic impacted fiscal year 2020 spending because per pupil spending in most operational areas remained similar to fiscal year 2019 amounts. This is likely because only the final 3.5 months of fiscal year 2020 were impacted by the pandemic, school districts were required to continue paying salaries and benefits for employees over the duration of the school closure, and schools continued to operate in a virtual and/or distance learning environment. However, this does not mean that school districts did not see substantial changes in their operations and spending at an individual district level. Through our report data validation process, we discussed with district officials across the State the impacts of the COVID-19 pandemic and related school closures on their districts' spending and found that the impact has varied not only from district to district, but also across operational areas. District officials shared with us some of the impacts to their districts' operational areas and spending, including the following:

- Increased plant operations spending for additional cleaning supplies and decreased transportation fuel spending from not operating buses to transport students to/from school.
- Reduced spending for hourly employee pay due to less overtime or increased spending in certain areas to pay higher pay rates to those who continued working onsite during school closures and/or for additional staff from other departments to support activities like meal deliveries.
- Changes in number of meals served as some districts saw high community involvement under SFSP guidelines and subsequently served more meals than expected, while other districts stopped their meal service completely.

These are just a few examples of how the COVID-19 pandemic has impacted individual districts' spending, and school districts should consider their district's unique circumstances during the pandemic and the ways in which those circumstances may have impacted their per pupil spending by area, instructional spending percentage, and other measures presented on their district's summary page.



State per pupil spending and instructional spending percentage continued upward trend, and individual districts' fiscal year 2020 spending varied with more efficient districts spending higher percentages of their monies on instruction

School districts reported spending \$231, or 2.6 percent, more per pupil for day-to-day operations in fiscal year 2020 than 2019 and \$1,241, or 15.7 percent, more per pupil since 2001 when monitoring began

As shown in Table 1 on page 5, in fiscal year 2020, Arizona school districts spent \$9,136 per pupil for the districts' day-to-day operations (total operational spending). This is a \$231, or 2.6 percent, increase over the prior year's spending. This \$231 represents \$211.2 million additional dollars school districts reported spending, \$133.8 million of which districts reported spending on instruction. As discussed in this report's Introduction (see page 3), the COVID-19 pandemic impacted school districts near the latter part of fiscal year 2020 and may have impacted individual districts' fiscal year 2020 spending in varying ways.

Table 1 on page 5 also shows the State's fiscal year 2020 per pupil operational spending compared to fiscal year 2001—the year we began monitoring school district spending. After controlling for inflation, between fiscal years 2001 and 2020, total per pupil operational spending increased \$1,241, or 15.7 percent.¹ This \$1,241 represents \$1.86 billion additional dollars school districts reported spending, \$845 million of which districts reported spending on instruction. During this 20-year period, there were substantial changes to Arizona school district funding. For example, additional monies were provided through voter-approved initiatives and through the State budget process, and specific programs and funds were created or reduced/removed through the State legislative and budget processes. These changes likely impacted the per pupil spending shown in Table 1 and the measures shown on the State and individual district summaries as well as spending percentages discussed in the next section of this chapter (see page 12 for the State summary page and pages 13 through 219 for individual district summaries).

Why monitor per pupil spending?

Per pupil operational spending represents how much money school districts spent for their day-to-day functions or activities such as for instruction, administration, and plant operations (see this report's Introduction, pages 1 through 3, for descriptions of these and other key terms). Considering operational spending on a per pupil basis controls for differences or changes in the number of students attending school districts. This measure allows someone to compare how much a district or the State spent for each student, on average, to other districts or states or analyze spending changes over time. It also provides context (dollars) for spending percentages as discussed in the next section of this chapter.

¹ See Table 6 in Appendix B (page b-1) for fiscal years 2001 through 2020 operational and total spending per pupil unadjusted and inflation adjusted to fiscal year 2020 dollars.

However, as discussed in the final section of this chapter, districts have control over how they spend most of their monies, and we have found that districts that operate more efficiently than their peers tend to spend a higher percentage of their operating monies on instruction (see pages 6 through 8).

Table 1
Students attending and per pupil spending by operational area
Prior-year and 20-year comparison
Fiscal years 2001, 2019, and 2020

	Prior-year comparison			20-year comparison (inflation adjusted to 2020 dollars)		
	2019	2020	Change	2001	2020	Change
Students attending	893,636	894,180	544	799,667	894,180	94,513
Operational area						
Instruction	\$4,869	\$5,016	\$147	\$4,552	\$5,016	\$ 464
Student support	754	796	42	499	796	297
Instruction support	497	513	16	343	513	170
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Plant operations	1,027	1,048	21	975	1,048	73
Food service	438	432	(6)	391	432	41
Transportation	417	395	(22)	296	395	99
Total operational spending	\$8,905	\$9,136	\$231	\$7,895	\$9,136	\$1,241

Source: Auditor General staff analysis of district-reported accounting data and ADE student membership data for fiscal years 2001, 2019, and 2020. Fiscal year 2001 district-reported accounting data inflation adjusted to fiscal year 2020 dollars.

State instructional spending percentage increased 0.2 percentage points between fiscal years 2019 and 2020 to 54.9 percent, which is 2.8 percentage points lower than 2001 percentage when monitoring began

As shown in Figure 1 on page 6, in fiscal year 2020, Arizona school districts spent 54.9 percent of their total operating dollars on instruction. This is a 0.2 percentage point increase over the 54.7 percent spent on instruction in fiscal year 2019, and 56 percent of school districts showed an increase over their fiscal year 2019 percentages.

Figure 1 also shows the State's instructional spending percentage trend since we began monitoring the percentage in fiscal year 2001, when districts spent 57.7 percent of their

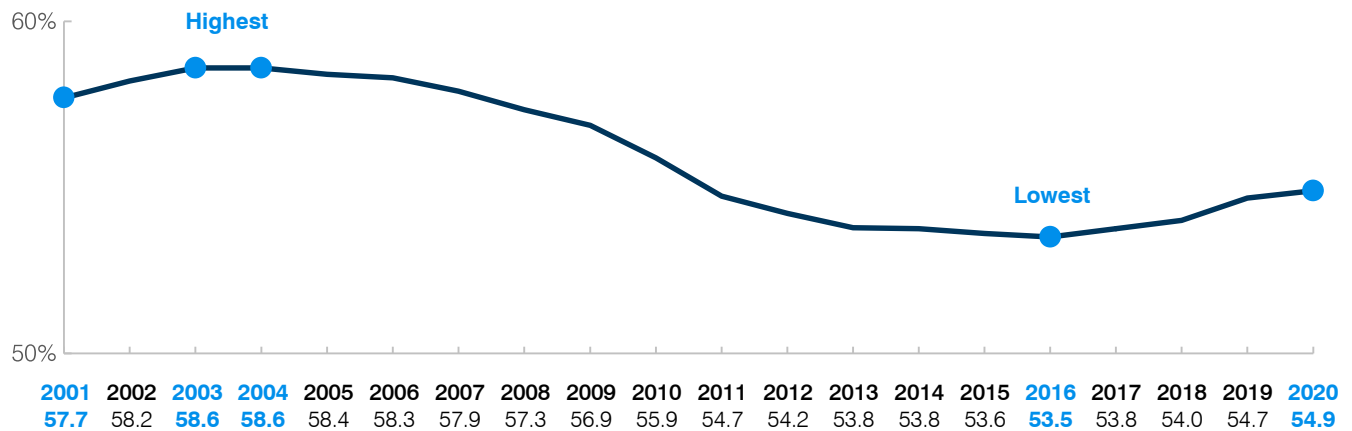
Why monitor instructional spending percentage?

The State's instructional spending percentage represents how much of school districts' total operational spending was for instruction versus other operational areas such as student support, administration, and plant operations (see this report's Introduction, pages 1 through 3, for descriptions of all operational areas).

An increasing instructional spending percentage means school districts allocated more of their resources to instruction than the prior year. Spending outside of instruction directly affects districts' instructional spending percentages and the monies they have available for their instructional programs such as to purchase instructional supplies and pay teacher salaries.

total operating dollars on instruction. As discussed earlier in this chapter, during this 20-year period, there were substantial changes to Arizona school district funding. These changes likely impacted the State's and individual districts' instructional spending percentages, but districts also have discretion in how they budget and spend most of their monies. Between fiscal years 2001 and 2020, the 2.8 percentage point decrease in the State instructional spending percentage was mirrored by a 2.3 percentage point increase in the percentage of dollars districts reported spending on student support services. Similar to per pupil spending, factors outside a district's control can impact how it budgets and spends its monies, but decisions school district governing boards and administrators make can also greatly impact their district's instructional spending percentage as discussed in the next section of this chapter.

Figure 1
Arizona instructional spending percentages
Fiscal years 2001 through 2020

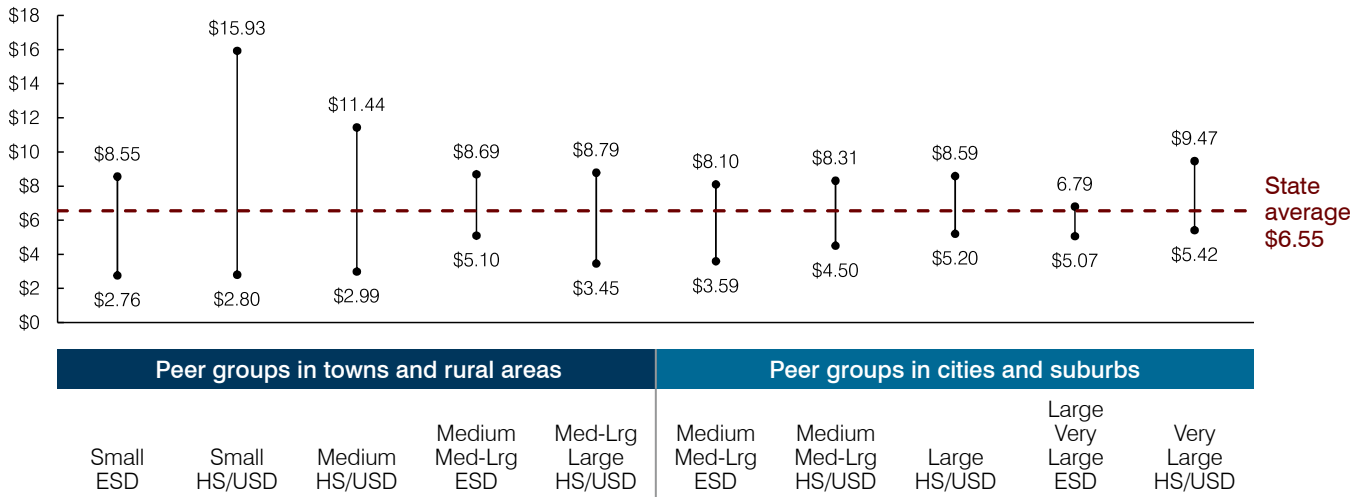


Source: Auditor General staff analysis of district-reported accounting data for fiscal years 2001 through 2020.

Individual districts' operational spending varied, with districts that operate efficiently spending a higher percentage of their monies on instruction

In fiscal year 2020, as in prior years, there was a wide range in individual Arizona school districts' per pupil spending by operational area and instructional spending percentages as well as other efficiency measures, such as plant operations cost per square foot or food services cost per meal. Although certain efficiency measures can be affected by the number of students a district serves, its type, and/or its location, even after somewhat controlling for these factors, wide ranges of costs among similar districts indicate that some districts have achieved lower costs, and possibilities may exist for other districts to lower their costs. As an example, Figure 2 on page 7 illustrates these wide ranges in school districts' plant operations costs per square foot by operational peer group (see Appendix C, page c-2, for more information about the peer groups). Operating efficiently is important because districts that outperformed their peers on efficiency measures such as these tended to spend higher percentages, on average, of their total operating dollars on instruction.

Figure 2
Range of plant operations costs per square foot by operational peer group
Fiscal year 2020



Source: Auditor General staff analysis of fiscal year 2020 district-reported accounting data, fiscal year 2020 Arizona School Facilities Board square footage data, and fiscal year 2019 U.S. Census Bureau location designations reported in the NCES Common Core of Data.

Our performance audits of individual Arizona districts have found that districts that operate efficiently—meaning districts that outperform their peers on operational performance measures—have more dollars available to spend on instruction, such as to increase teacher salaries (see Chapter 2 for further discussion on teacher salary trends), hire additional teachers to reduce class sizes, or purchase instructional supplies. Examples of efficient practices we have identified on performance audits include:

- Using staffing formulas and limiting overtime and unproductive time by having employees perform other duties.
- Effectively using county services or partnering with other local schools or governments.
- Implementing energy conservation plans and limiting excess building space, including closing schools when necessary.
- Monitoring food prices, maximizing the use of free food provided by the U.S. Department of Agriculture, and modifying menus appropriately.
- Limiting food waste by considering student input when planning meals and using prior meals produced versus meals served information and/or morning meal counts to determine how many meals to prepare each day.
- Planning bus routes to maximize bus capacity usage, ensuring fuel pumps are secure, and monitoring fuel usage.

Additionally, in the performance reports we issued over the last 3 calendar years (2018-2020) alone, we identified opportunities for improved efficiency at multiple districts that, if acted upon, would enable these districts to save monies in various operational areas. They could then direct these cost savings to instruction—to increase their teacher salaries, reduce class sizes, purchase instructional supplies, or help meet other district priorities. Table 2 on page 8 presents examples of the inefficient practices and related potential cost savings we identified in these audits.

Table 2**Examples of inefficient practices and cost savings identified in district performance audit reports issued in calendar years 2018, 2019, and 2020**

Inefficient practice	Identified cost savings
Employing more noninstructional staff than peers, paying unnecessary overtime, and paying employees for hours not worked	\$3,324,510
Operating schools far below designed capacity or otherwise maintaining excess space	\$1,137,619
Setting meal prices too low to cover costs, not obtaining free food specifically allocated to schools, making more meals than needed, and wasting food	\$109,050
Paying for unnecessary noninstructional travel expenses including spending more on meals and lodging for employees and governing board members than State travel policy allows	\$16,309

Source: Auditor General district performance audit reports.

The wide range in operational costs between similar districts discussed earlier and examples of identified cost savings from our performance audits demonstrate why school district governing boards, administrators, and others should pay close attention to their district's efficiency in operational areas. Doing so not only demonstrates good stewardship of public monies, but it also helps identify possible high-cost areas that, if addressed, could enable the district to devote a higher percentage of its resources to instruction, which may impact student achievement or teacher recruitment and retention.



State average teacher salary increased to \$54,814 for fiscal year 2020—a 13.3 percent increase over 2017’s average but short of 15 percent cumulative goal

State budget has provided additional monies for teacher salary increases since fiscal year 2018

Arizona’s fiscal year 2020 budget included funding to provide school districts with the 3rd of 4 additions of monies intended to increase the State’s average teacher salary by 20 percent between fiscal years 2017 and 2021. This plan, commonly referred to as “20x2020,” is based off the State’s fiscal year 2017 average teacher salary of \$48,372 and includes funding for an approximate 1 percent increase in fiscal year 2018, an additional 9 percent increase in fiscal year 2019, an additional 5 percent increase in 2020, and the final additional 5 percent increase in fiscal year 2021, which began July 1, 2020, and ends June 30, 2021. Although the additional monies were provided to districts with the intention of increasing teacher salaries, there was no requirement that districts had to spend these monies on teacher salaries. Rather, districts had the option of using the monies for operational or nonoperational purposes (see this report’s Introduction, pages 1 through 3, for descriptions of these and other key terms). Additionally, these monies were comingled with other district monies and therefore are not separately identifiable from other district monies. Thus, it cannot be determined how the monies were spent. However, the next section of this chapter discusses changes in the State average teacher salary between fiscal years 2017 and 2020.

Between fiscal years 2017 and 2020, State average teacher salary increased \$6,442, or 13.3 percent, short of 15 percent intended cumulative increase

As shown in Table 3, the State average teacher salary increased from \$48,372 in fiscal year 2017 to \$54,814 in fiscal year 2020. This equates to an increase of \$6,442, or 13.3 percent. This and prior year increases were reflective of the additional monies provided to districts with the intention of increasing the average teacher salary. The State’s fiscal year 2020 \$54,814 average is the highest since we began reporting the State’s average teacher salary in fiscal year 2009. However, similar to fiscal year 2019, the State’s actual increase fell short of the intended goal.

Table 3
Intended and actual State average teacher salary increases
Fiscal years 2017 through 2020

Fiscal year	Intended % increase from base year	State average teacher salary	Actual % increase from base year
2017	Base year	\$48,372	
2018	1%	\$48,951	1.2%
2019	10%	\$52,441	8.4%
2020	15%	\$54,814	13.3%
Future increase			
2021	20%	Future increase to be determined	

Source: Auditor General staff analysis of district-reported accounting data and district-reported teacher FTEs for fiscal years 2017 through 2020.

Although State average teacher salary increased each year between 2017 and 2020, individual districts' averages may vary year to year

Although the State average teacher salary increased each year between fiscal years 2017 and 2020, there are various reasons an individual district's average teacher salary may vary year to year on its individual district summary (see pages 13 through 219). The 20x2020 monies were distributed to school districts based on their number of students, not on how much each individual district would need to achieve the desired teacher salary increase. Therefore, some districts may have received less than the amount they would have needed to provide all their teachers with a 15 percent increase between fiscal years 2017 and 2020 while other districts may have received more than they would have needed. Further, as previously discussed, districts could use the monies for operational or nonoperational purposes such as salaries for employees other than teachers, district supplies, or capital purposes. This means a district may have chosen to use all or none of the monies for teacher salary increases. We identified many districts whose average teacher salary decreased between fiscal years 2019 and 2020 and spoke with district officials to understand why this occurred. The most common reason given for the decreases were changes in the teacher population at the district (see textbox). This was particularly the case at small and very small districts where a change in 1 or 2 teachers' salaries can have a larger effect on the districts' teacher salaries than at a larger district. Therefore, based on these discussions, when reviewing a district's average teacher salary trend on its individual summary page, identifying changes in some of the other key measures presented such as average years of teacher experience and percentage of teachers in first 3 years may provide additional information about why a district's average teacher salary decreased or increased.

Changes in teacher population can include:

- Retirement of tenured teachers, generally with higher experience levels than newer teachers and who are often paid higher salaries.
- Hiring of new teachers with little or no teaching experience who are often paid lower salaries than more tenured teachers.
- Hiring of teachers new to the district who may have prior teaching experience but are placed lower on the salary scale because they are new to the district.



SUMMARY OF SIGNIFICANT CHANGES TO STATE/DISTRICT PAGES

For this year's report on fiscal year 2020 school district spending, we continued to focus on providing report users with the most relevant information related to our statutory requirement. We also added COVID-19 federal relief grant spending for fiscal year 2020 to the 1-page summaries for the State and each school district because this spending may have impacted other measures for specific school districts.

Added information:

- On the State's and each district's summary page, we added textboxes that appear when hovering over blue information buttons or blue underlined text. These textboxes provide definitions and additional information about the data and measures shown on the pages. This information can also be found in Appendix C of this report (see pages c-1 through c-6).
- We added a table on the right side of the State and district summaries that shows district-reported COVID-19 federal relief grant spending of monies they received from federal CARES Act funding.

Removed information:

- We removed the graphic presenting students who passed State assessments because fiscal year 2020 student testing data was not available. School districts were exempted from conducting State assessments at the end of the 2019-2020 school year (fiscal year 2020) because of the forced State-wide school closures in March 2020 due to the COVID-19 pandemic. For this reason, we also did not present student achievement peer groups in this year's report.
- We removed the listing of the State's and each district's instructional spending percentages by year since fiscal year 2001 and instead provide a table showing the State's or each district's lowest, highest, and 2 most recent fiscal years' instructional spending percentages between 2001 and 2020. Full listings of the State's and each district's instructional spending percentages for fiscal years 2001 through 2019 can be found in the fiscal year 2019 report and data file at <https://www.azauditor.gov/reports-publications/school-districts/multiple-school-district/report/arizona-school-district-4>.

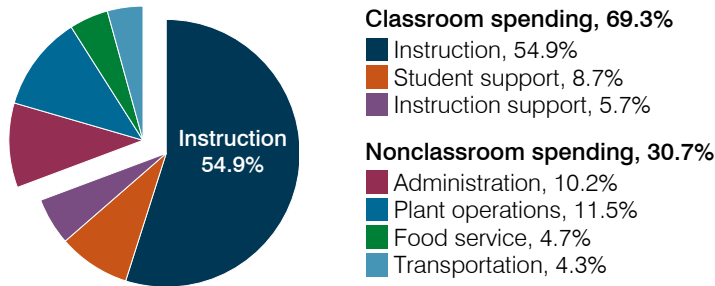
Aside from slight formatting changes, data and graphics concerning operational and nonoperational spending, average teacher salary, and other measures remain consistent in design from 2019's report.

State of Arizona

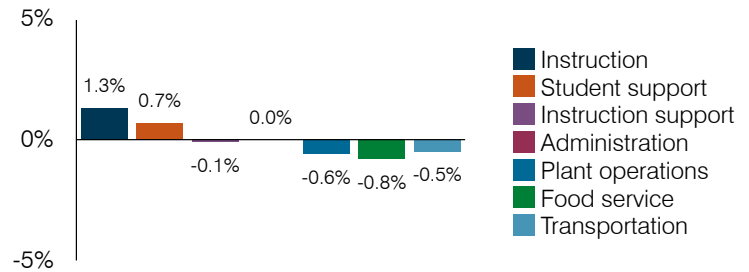
Total operational spending¹: \$8,168,932,343
 Total nonoperational spending: \$1,819,100,206
 Total spending: \$9,988,032,549
 Number of districts: 236
 Number of schools: 1,377
 Graduation rate (2019): 79%

Students attending: 894,180
 5-year change in students attending: 2% decrease
 Special education population: 13%
 English learner population: 7%
 Poverty rate (2019): 18%
 Free/reduced meal eligibility: 54%

Spending by operational area



Percentage point change in spending by operational area (fiscal year 2015 versus 2020)



Operational measures

Operational area	Measure	2018	2019	2020
Administration	Cost per pupil	\$860	\$903	\$936
	Students per administrative position	66	66	65
Plant operations	Cost per square foot	\$6.34	\$6.49	\$6.55
	Square footage per student	156	158	160
Food service	Cost per meal	\$3.02	\$3.08	\$3.46
Transportation	Cost per mile	\$4.05	\$4.29	\$4.28
	Cost per rider	\$1,301	\$1,424	\$1,370

Lowest, highest, and 2 most recent fiscal years' instructional spending percentages between 2001 and 2020

Lowest	Highest	Most recent years	
2016	2004	2019	2020
53.5%	58.6%	54.7%	54.9%

COVID-19 federal relief grant spending

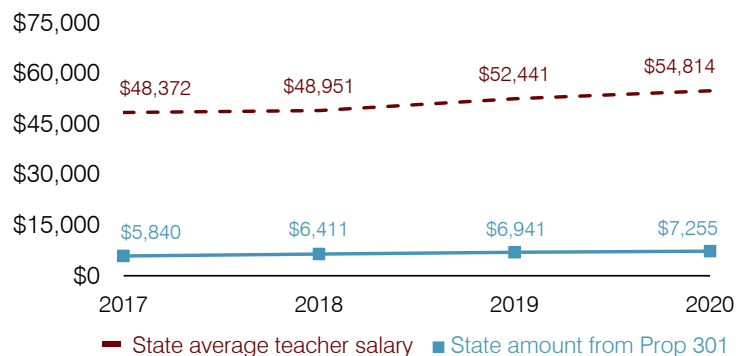
	State
Total federal relief grant spending	\$ 86,609,980
Per pupil federal relief grant spending	\$ 97

Districts can use COVID-19 federal relief grants from March 2020 through September 2022. Amounts above were used by June 30, 2020.

Per pupil spending by area

Area	2018	State 2019	2020	National average 2018
Classroom spending				
Instruction	\$4,480	\$4,869	\$5,016	\$7,676
Student support	693	754	796	751
Instruction support	462	497	513	629
Nonclassroom spending				
Administration	860	903	936	1,423
Plant operations	988	1,027	1,048	1,174
Food service	425	438	432	481
Transportation	388	417	395	518
Total operational	8,296	8,905	9,136	12,652
Land and buildings	827	1,086	1,053	1,100
Equipment	409	496	533	232
Interest	228	261	273	383
Other	169	180	175	163
Total nonoperational	1,633	2,023	2,034	1,878
Total per pupil spending	\$9,929	\$10,928	\$11,170	\$14,530

Average teacher salary and other measures



Measure	2017	2018	2019	2020
Students per teacher	18.5	18.4	18.0	18.0
Average years of teacher experience	11.3	11.4	11.5	11.7
Percentage of teachers in first 3 years	19%	19%	19%	18%

¹ See Appendix C for sources and methodology.



This appendix lists the 207 districts organized into operational and transportation peer groups. Table 4 (see pages a-1 through a-4) presents districts organized into operational peer groups based on district size, type, and location. Within each operational peer group, the districts are listed in order of their fiscal year 2020 instructional spending percentages. Table 5 (see pages a-5 through a-11) presents districts organized into transportation peer groups based on district location and miles per rider using an average of districts' miles per rider in fiscal years 2016 through 2020. Within each transportation peer group, the districts are listed in order of their fiscal year 2020 cost per mile and cost per rider difference from the peer group average equally considering each measure. In both groups, some districts are excluded from their peer average because extreme values in their costs would skew the peer average.

Table 4
Districts grouped by operational peer group and ranked by instructional spending percentage
Fiscal year 2020

Peer group		Instructional spending percentage		Instructional spending percentage	
Number	Description	District name	District name	District name	District name
1	Very large unified and union high school districts in cities and suburbs	Peer group average	57.3%		
		Gilbert USD	61.6	Paradise Valley USD	57.4
		Chandler USD	61.4	Scottsdale USD	56.3
		Deer Valley USD	59.7	Mesa USD	55.8
		Peoria USD	58.1	Tucson USD	53.2
		Dysart USD	57.7	Phoenix UHSD	52.1
2	Large unified and union high school districts in cities and suburbs	Peer group average	54.7%		
		Higley USD	61.8	Tempe UHSD	53.6
		Glendale UHSD	57.8	Tolleson UHSD	53.0
		Agua Fria UHSD	55.7	Amphitheater USD	52.9
		Queen Creek USD	55.7	Flagstaff USD	52.8
		Marana USD	55.4	Sunnyside USD	52.7
3	Medium-large and medium unified and union high school districts in cities and suburbs	Peer group average	54.0%		
		Tanque Verde USD	60.5	Prescott USD	53.0
		Lake Havasu USD	57.5	Sierra Vista USD	51.8
		Humboldt USD	57.3	J.O. Combs USD	51.0
		Flowing Wells USD	56.5	Apache Junction USD	50.9
		Catalina Foothills USD	55.3	Fountain Hills USD	50.1
		Buckeye UHSD	54.9	Casa Grande UHSD	48.8
		Cave Creek USD	54.5		

Table 4 continued

Peer group		Instructional spending percentage		Instructional spending percentage	
Number	Description	District name	District name	District name	District name
4	Large and medium-large unified and union high school districts in towns and rural areas	Peer group average	54.2%		
		Safford USD	65.7	Nogales USD	53.3
		Snowflake USD	58.6	Santa Cruz Valley USD	52.3
		Sahuarita USD	57.8	Coolidge USD	52.0
		Show Low USD	57.5	Chino Valley USD	51.6
		Saddle Mountain USD	55.5	Page USD	51.2
		Douglas USD	55.2	Payson USD	50.2
		Florence USD	54.8	Chinle USD	49.3
		Maricopa USD	54.8	Whiteriver USD	47.6
		Kingman USD	53.5		
5	Medium unified and union high school districts in towns and rural areas	Peer group average	51.5%		
		Pima USD	67.0	Winslow USD	51.4
		Thatcher USD	61.6	St. Johns USD	51.1
		Colorado City USD	61.0	Globe USD	50.6
		Mingus UHSD	58.7	Miami USD	50.6
		Willcox USD	57.5	Bisbee USD	50.1
		Morenci USD	57.2	Wickenburg USD	49.2
		Holbrook USD	56.3	Window Rock USD	47.4
		Camp Verde USD	56.0	Tombstone USD	46.4
		Williams USD	55.0	Tuba City USD	45.8
		Benson USD	54.0	Ganado USD	45.7
		Parker USD	53.7	Sanders USD	43.1
		Round Valley USD	53.2	San Carlos USD	43.0
		Blue Ridge USD	53.0	Kayenta USD	42.2
		Sedona-Oak Creek Joint USD	53.0	Baboquivari USD	41.6
		Colorado River UHSD	52.5	Piñon USD	37.6
6	Small unified and union high school districts in towns and rural areas	Peer group average	48.9%		
		Bagdad USD	59.9	Superior USD	49.1
		Ray USD	54.9	Duncan USD	48.6
		Ft. Thomas USD	54.5	Mammoth-San Manuel USD	48.5
		Littlefield USD	53.8	Hayden-Winkelman USD	47.6
		Ajo USD	52.7	Joseph City USD	46.3
		Mayer USD	51.9	St. David USD	46.3
		Fredonia-Moccasin USD	51.7	Santa Cruz Valley UHSD	44.5
		Heber-Overgaard USD	51.5	Gila Bend USD	42.0
		Ash Fork Joint USD	50.4	Grand Canyon USD	38.3
Antelope UHSD	49.9	Red Mesa USD	34.7		

Table 4 continued

Peer group		Instructional spending percentage		Instructional spending percentage	
Number	Description	District name	District name	District name	District name
7	Very large and large elementary school districts in cities and suburbs	Peer group average	55.4%		
		Kyrene ESD	63.2	Alhambra ESD	53.7
		Litchfield ESD	60.0	Cartwright ESD	52.9
		Washington ESD	56.1	Yuma ESD	51.2
		Pendergast ESD	56.0	Glendale ESD	50.8
		Tempe ESD	54.4		
8	Medium-large and medium elementary school districts in cities and suburbs	Peer group average	51.8%		
		Liberty ESD	59.5	Osborn ESD	51.9
		Laveen ESD	54.9	Tolleson ESD	51.9
		Fowler ESD	54.5	Roosevelt ESD	51.4
		Madison ESD	54.5	Buckeye ESD	51.0
		Littleton ESD	53.9	Murphy ESD	50.0
		Wilson ESD	53.8	Balsz ESD	49.8
		Crane ESD	53.2	Union ESD	49.8
		Phoenix ESD	52.6	Casa Grande ESD	49.7
		Isaac ESD	52.4	Creighton ESD	46.2
9	Medium-large and medium elementary school districts in towns and rural areas	Peer group average	51.8%		
		Cottonwood-Oak Creek ESD	57.3	Gadsden ESD	49.9
		Somerton ESD	54.9	Nadaburg USD ¹	49.4
		Bullhead City ESD	54.8	Sacaton ESD	48.8
		Continental ESD	54.3	Mohave Valley ESD	48.7
		Toltec ESD	53.2	Eloy ESD	46.4
		Palominas ESD	52.0		
10	Small elementary school districts in towns and rural areas	Peer group average	55.3%		
		Red Rock ESD	65.1	Beaver Creek ESD	55.5
		Clarkdale-Jerome ESD	60.7	Oracle ESD	53.7
		Arlington ESD	59.4	Stanfield ESD	45.7
		Palo Verde ESD	56.8	Altar Valley ESD	45.0
		Naco ESD	56.2		

Table 4 concluded

Peer group		Instructional spending percentage		Instructional spending percentage	
Number	Description	District name		District name	
11	Very small school districts	Peer group average	50.4%		
		Blue ESD	69.7	Congress ESD	49.6
		Double Adobe ESD	65.1	Owens-Whitney ESD	49.6
		Hillside ESD	61.8	Hyder ESD	49.5
		Alpine ESD	61.7	Kirkland ESD	49.4
		Valentine ESD	60.7	Solomon ESD	49.3
		Aguila ESD	60.6	Sentinel ESD	48.6
		Crown King ESD	60.1	Pearce ESD	48.4
		Cochise ESD	58.3	Paloma ESD	48.3
		Pine Strawberry ESD	58.3	Vernon ESD	48.3
		Yucca ESD	57.4	Patagonia ESD	47.3
		Maine Consolidated SD	57.3	Patagonia UHSD	47.3
		Sonoita ESD	57.0	Seligman USD	46.6
		Wellton ESD	56.9	Mohawk Valley ESD	45.7
		Cañon ESD	56.7	Wenden ESD	45.4
		Bonita ESD	56.6	McNeal ESD	45.1
		Santa Cruz ESD	56.4	Salome Consolidated ESD	44.9
		Elfrida ESD	55.0	Yarnell ESD	44.7
		Young ESD	53.4	Concho ESD	44.6
		McNary ESD	53.3	Quartzsite ESD	44.6
		Morristown ESD	53.1	Skull Valley ESD	44.2
		Topock ESD	52.2	Apache ESD	43.4
		Bicentennial UHSD	51.6	Bowie USD	42.8
		Pomerene ESD	51.2	Mobile ESD	41.5
		San Simon USD	51.1	Bouse ESD	40.0
		Valley UHSD	50.8	Hackberry ESD	36.9
		Picacho ESD	50.2	Cedar USD	36.0
		Tonto Basin ESD	49.9	Ash Creek ESD	34.9
		San Fernando ESD	49.8	Peach Springs USD	27.7

¹ Although a unified school district, Nadaburg USD was included in a group with elementary school districts because it did not have any high school students in fiscal year 2020.

Source: Auditor General staff analysis of fiscal year 2020 district-reported accounting data, fiscal year 2020 ADE student membership data, and fiscal year 2019 U.S. Census Bureau location designations reported in the NCES Common Core of Data.

Table 5
Districts grouped by transportation peer group and ranked by cost per mile and cost per rider
Fiscal year 2020

Peer group			Cost	Cost
Number	Description	District name	per mile	per rider
1	Districts in cities and suburbs traveling less than 165 miles per rider	Peer group average	\$7.32	\$1,286
		Catalina Foothills USD	3.22	382
		Tempe ESD	4.82	886
		Littleton ESD	6.20	809
		Crane ESD	5.59	951
		Fowler ESD	6.99	1,088
		Glendale ESD	7.56	1,293
		Creighton ESD	8.67	1,155
		Flowing Wells USD	8.74	1,180
		Murphy ESD	7.65	1,439
		Alhambra ESD	7.56	1,631
		Madison ESD	9.32	1,434
		Laveen ESD	8.39	1,757
		Cartwright ESD	10.43	1,807
2	Districts in cities and suburbs traveling 165-240 miles per rider	Peer group average	\$7.11	\$1,210
		Riverside ESD	2.80	673
		Sunnyside USD	4.44	1,022
		Litchfield ESD	4.61	1,146
		Queen Creek USD	5.67	1,054
		Balsz ESD	6.85	1,005
		Osborn ESD	7.09	1,184
		Avondale ESD	6.75	1,402
		Pendergast ESD	8.38	1,304
		Union ESD	7.53	1,644
		Isaac ESD	10.31	1,661
		Tolleson ESD	8.82	1,982
		Phoenix ESD	10.86	2,382
		Roosevelt ESD	7.74	NR

Table 5 continued

Peer group			Cost	Cost
Number	Description	District name	per mile	per rider
3	Districts in cities and suburbs traveling 241-310 miles per rider	Peer group average	\$4.60	\$1,301
		J.O. Combs USD	3.92	964
		Sierra Vista USD	3.90	990
		Kyrene ESD	3.75	1,107
		Apache Junction USD	3.48	1,192
		Buckeye ESD	4.02	1,241
		Wilson ESD	3.97	1,318
		Higley USD	4.76	1,189
		Tempe UHSD	4.14	1,445
		Chandler USD	4.74	1,293
		Deer Valley USD	5.60	1,394
		Gilbert USD	5.33	1,564
		Tolleson UHSD	4.97	1,834
		Washington ESD	7.24	1,379
4	Districts in cities and suburbs traveling 311-385 miles per rider	Peer group average	\$4.22	\$1,471
		Tanque Verde USD	3.55	1,111
		Humboldt USD	3.80	1,194
		Fountain Hills USD	3.66	1,281
		Cave Creek USD	3.54	1,372
		Casa Grande ESD	3.58	1,381
		Peoria USD	4.49	1,228
		Agua Fria UHSD	3.76	1,493
		Liberty ESD	4.31	1,348
		Vail USD	4.32	1,519
		Paradise Valley USD	4.23	1,787
		Mesa USD	4.88	1,631
		Amphitheater USD	5.50	1,538
		Dysart USD	5.22	1,676
		Scottsdale USD	4.26	2,039

Table 5 continued

Peer group			Cost	Cost
Number	Description	District name	per mile	per rider
5	Districts in cities and suburbs traveling more than 385 miles per rider	Peer group average	\$3.77	\$1,776
		Marana USD	2.79	1,199
		Buckeye UHSD	2.87	1,637
		Prescott USD	3.31	1,628
		Yuma ESD	3.72	1,630
		Tucson USD	4.59	1,346
		Yuma UHSD	4.02	1,774
		Lake Havasu USD	4.46	2,103
		Flagstaff USD	4.45	2,112
		Casa Grande UHSD	4.36	2,888
		Glendale UHSD	7.04	2,935
		Phoenix UHSD	N/A	1,121
6	Districts in towns and rural areas traveling less than 260 miles per rider	Peer group average	\$3.70	\$799
		Red Rock ESD	0.88	285
		Colorado City USD	2.89	515
		Safford USD	3.00	643
		Somerton ESD	3.30	591
		Continental ESD	2.78	745
		Clarkdale-Jerome ESD	4.03	714
		Gadsden ESD	3.79	800
		Bullhead City ESD	3.60	881
		Thatcher USD	4.02	854
		Sahuarita USD	4.36	795
		Maricopa USD	3.64	1,024
		Toltec ESD	3.91	973
		Cottonwood-Oak Creek ESD	3.88	1,048
		Nogales USD	5.49	717
		Chino Valley USD	3.93	1,064
		Pima USD	5.04	849
		Morenci USD	4.38	1,089
San Carlos USD	6.65	1,838		

Table 5 continued

Peer group			Cost	Cost
Number	Description	District name	per mile	per rider
7	Districts in towns and rural areas traveling 260-335 miles per rider	Peer group average	\$3.84	\$1,110
		Littlefield USD	2.62	619
		Gila Bend USD	2.43	684
		Beaver Creek ESD	3.05	649
		Mammoth-San Manuel USD	3.11	976
		Santa Cruz Valley USD	3.49	879
		Palo Verde ESD	3.40	1,093
		Mohave Valley ESD	3.40	1,097
		Whiteriver USD	3.71	1,067
		Camp Verde USD	3.79	1,103
		Ft. Thomas USD	4.40	1,156
		Mingus UHSD	4.15	1,384
		Snowflake USD	5.36	1,298
		Miami USD	4.97	1,431
		Eloy ESD	4.79	1,539
Window Rock USD	4.95	1,665		
8	Districts in towns and rural areas traveling 336-460 miles per rider	Peer group average	\$3.43	\$1,480
		Saddle Mountain USD	2.68	958
		Kingman USD	2.41	1,399
		Stanfield ESD	2.70	1,306
		Bisbee USD	2.36	1,495
		Blue Ridge USD	3.45	1,090
		St. David USD	3.60	1,278
		Ganado USD	2.75	1,707
		Florence USD	3.06	1,583
		Chinle USD	2.96	1,668
		Globe USD	3.43	1,527
		Benson USD	3.54	1,622
		Superior USD	4.51	1,292
		Show Low USD	4.02	1,529
		Sedona-Oak Creek Joint USD	3.75	1,755
Payson USD	4.84	1,606		
Parker USD	4.28	2,052		
Sacaton ESD	5.72	1,461		

Table 5 continued

Peer group			Cost	Cost
Number	Description	District name	per mile	per rider
9	Districts in towns and rural areas traveling 461-630 miles per rider	Peer group average	\$2.67	\$1,471
		Ajo USD	2.00	1,266
		Round Valley USD	2.03	1,561
		Tombstone USD	2.05	1,558
		Mayer USD	2.35	1,424
		Oracle ESD	2.43	1,392
		Fredonia-Moccasin USD	3.14	1,045
		Heber-Overgaard USD	2.23	1,648
		Palominas ESD	2.64	1,448
		Arlington ESD	2.62	1,512
		Coolidge USD	3.16	1,223
		Altar Valley ESD	3.04	1,315
		Williams USD	2.86	1,483
		Baboquivari USD	2.82	1,512
		Nadaburg USD	2.88	1,569
		Grand Canyon USD	3.07	1,638
		Winslow USD	3.32	1,702
Colorado River UHSD	3.35	1,925		
Kayenta USD	3.40	2,454		
Naco ESD	9.01	3,816		
10	Districts in towns and rural areas traveling more than 630 miles per rider	Peer group average	\$2.00	\$1,741
		Antelope UHSD	1.06	777
		Ash Fork Joint USD	0.69	1,580
		Holbrook USD	1.69	1,285
		Willcox USD	1.39	1,575
		Hayden-Winkelman USD	1.56	1,454
		Duncan USD	2.04	1,068
		Wickenburg USD	1.76	1,433
		Bagdad USD	1.25	1,954
		St. Johns USD	1.44	2,175
		Ray USD	2.06	1,764
		Joseph City USD	2.19	1,695
		Red Mesa USD	2.61	1,862
		Page USD	2.64	1,944
		Sanders USD	2.86	1,969
		Tuba City USD	3.52	2,611
		Santa Cruz Valley UHSD	3.86	2,837
Piñon USD	4.16	2,830		
Douglas USD	3.82	4,306		

Table 5 continued

Peer group			Cost	Cost
Number	Description	District name	per mile	per rider
11	Very small districts	Peer group average	\$2.09	\$1,454
		Owens-Whitney ESD	0.38	377
		Bowie USD	0.35	712
		Aguila ESD	0.81	537
		Pearce ESD	1.03	440
		Santa Cruz ESD	1.24	733
		McNary ESD	1.63	477
		Paloma ESD	1.48	655
		Valentine ESD	1.67	560
		Topock ESD	1.79	479
		Young ESD	1.83	559
		Congress ESD	1.58	798
		Cochise ESD	2.11	656
		Solomon ESD	2.35	500
		Alpine ESD	0.53	1,764
		Vernon ESD	1.38	1,182
		Double Adobe ESD	1.46	1,155
		Picacho ESD	2.38	541
		San Simon USD	1.01	1,500
		Bonita ESD	1.95	915
		Cañon ESD	2.27	752
		Concho ESD	1.20	1,571
		Ash Creek ESD	1.54	1,544
		Quartzsite ESD	2.28	1,083
		Morristown ESD	2.28	1,087
		Patagonia ESD	1.01	2,033
		Patagonia UHSD	1.01	2,033
		Bouse ESD	2.88	742
		McNeal ESD	1.42	1,804
		Skull Valley ESD	1.95	1,548
		Kirkland ESD	1.71	1,739
		Elfrida ESD	2.52	1,215
		Yarnell ESD	2.93	954
		Bicentennial UHSD	1.74	1,876
		Mobile ESD	2.04	1,714
		Wellton ESD	2.59	1,345
		Hyder ESD	2.49	1,534
		Wenden ESD	3.26	1,238
		Maine Consolidated SD	2.94	1,605
		Salome Consolidated ESD	4.04	1,064
		Apache ESD	2.25	2,322

Table 5 concluded

Peer group			Cost	Cost
Number	Description	District name	per mile	per rider
11 (concluded)	Very small districts	San Fernando ESD	2.49	2,306
		Hackberry ESD	3.49	1,686
		Tonto Basin ESD	2.24	2,650
		Mohawk Valley ESD	2.67	2,441
		Sentinel ESD	1.32	3,530
		Seligman USD	2.18	3,347
		Pomerene ESD	5.63	1,266
		Valley UHSD	2.70	3,605
		Sonoita ESD	3.30	3,406
		Pine Strawberry ESD	5.36	2,771
		Cedar USD	NR	1,815

Source: Auditor General staff analysis of fiscal year 2020 district-reported accounting data, fiscal year 2020 ADE route reports, and fiscal year 2019 U.S. Census Bureau location designations reported in the NCES Common Core of Data.



This appendix presents Arizona’s operational and total spending per pupil for fiscal years 2001 through 2020 unadjusted and inflation adjusted to fiscal year 2020 dollars. See page 2 of this report’s Introduction for more information on what is included in operational and total spending per pupil.

Table 6
Arizona’s operational and total spending per pupil unadjusted and inflation adjusted to fiscal year 2020 dollars¹
Fiscal years 2001 through 2020

Fiscal year	Unadjusted		Inflation adjusted to fiscal year 2020 dollars	
	Operational spending per pupil	Total spending per pupil	Operational spending per pupil	Total spending per pupil
2001	\$5,374	-	\$7,895	-
2002	5,791	-	8,360	-
2003	6,048	-	8,543	-
2004	6,355	-	8,784	-
2005	6,500	-	8,722	-
2006	6,833	-	8,833	-
2007	7,382	-	9,302	-
2008	7,813	-	9,493	-
2009	7,908	-	9,476	-
2010	7,609	-	9,031	-
2011	7,485	-	8,709	-
2012	7,475	-	8,449	-
2013	7,496	-	8,334	-
2014	7,578	\$8,893	8,296	\$9,736
2015	7,658	9,057	8,323	9,844
2016	7,746	9,136	8,363	9,864
2017	8,141	9,653	8,630	10,233
2018	8,296	9,929	8,600	10,293
2019	8,905	10,928	9,044	11,099
2020	9,136	11,170	9,136	11,170

¹ Total spending per pupil was not presented prior to the fiscal year 2015 report. For that report, we validated the nonoperational portion of total spending for fiscal years 2014 and 2015. Therefore, total spending per pupil is presented for only fiscal years 2014 through 2020.

Source: Auditor General staff analysis of district-reported accounting data unadjusted and inflation adjusted (using the Consumer Price Index published by the U.S. Labor Department, Bureau of Labor Statistics) to fiscal year 2020 dollars and ADE student membership data for fiscal years 2001 through 2020.



Objectives, scope, and methodology

Objectives

A.R.S. §41-1279.03 requires the Auditor General to monitor school districts to determine the percentage of every dollar spent in the classroom by a school district and conduct performance audits of Arizona's school districts. This report, the 20th annual report analyzing school district spending, has 2 main objectives:

- It analyzes State operational spending trends in instruction and 6 other operational categories—student support, instruction support, administration, plant operations, food service, and transportation—since monitoring began in fiscal year 2001. It also identifies spending differences between Arizona school districts and analyzes changes in the State average teacher salary between fiscal years 2017 and 2020.
- It presents a 1-page State summary and a 1-page summary for each school district that show performance on various measures, including instructional spending percentage, operational and nonoperational spending compared to national or peer averages, and average teacher salary.¹

Scope

All data in this report is for fiscal year 2020 unless otherwise noted. All the State's 236 school districts were included in State averages presented in this report including the State's fiscal year 2020 operational spending percentages and per pupil spending amounts. However, some districts were excluded from further analysis as follows:

- When compiling data for the 1-page summaries for each school district, transporting districts, career and technical education districts (CTEDs), and accommodation districts were excluded. Transporting districts transport all their students to other districts and, therefore, do not have expenditures in many of the operational areas, and CTEDs and accommodation districts often operate very differently than other districts and among themselves in terms of the services they provide and how they provide them.
- When analyzing State trends in the efficiency of district operations, very small districts, i.e., those serving fewer than 200 students, transporting districts, CTEDs, and accommodation districts were excluded. Transporting districts, CTEDs, and accommodation districts often operate differently than most school districts in terms of the services they provide, the students they serve, and the programs they offer. Additionally, these districts and very small districts often have wide ranges of operational costs and, therefore, would distort the analysis of factors generally affecting districts of other types and sizes.

Methodology

To analyze the most current final expenditure data available for Arizona's districts, we obtained fiscal year 2020 accounting data from all 236 school districts or from the County School Superintendent offices that support them. Additionally, we obtained data from various other sources as outlined in more detail below, including data from ADE, such as school district Annual Financial Reports (AFRs), Classroom Site Fund Narrative Results Summaries

¹ Because Patagonia ESD and Patagonia UHSD operate essentially as 1 district and comingle costs, the 2 districts' spending and other operational measures are presented combined on each district's individual page in this report.

(CSF Narratives), school district staffing levels, bus mileage, and average daily membership counts; and data from the Arizona School Facilities Board (SFB), such as square footage and number of schools. In addition, we obtained national-level financial data from the National Center for Education Statistics and district-level poverty rates and locations relative to population centers from the U.S. Census Bureau. The information used to prepare this report was not subjected to all the tests and confirmations that we would normally perform during an audit. However, to help ensure that information used in this report was complete and reasonable, we performed certain quality control procedures, such as comparing fund totals from each district's accounting data to the fund totals the district reported on its AFR. We also performed year-to-year comparisons of district-reported data to identify anomalies and variances and to review the reasonability of changes in related measures, such as whether a district's square footage increased after opening a new school. We interviewed school district officials about identified anomalies and variances and corrected any data errors prior to calculating instructional spending percentages and other measures analyzed for, and presented in, this report. Further, prior to the report's issuance, we provided each Arizona school district the opportunity to review most of the numbers that we planned to present for the district and inform us of any issues with the data.

To analyze State spending changes and the change in the State's average teacher salary, we reviewed and analyzed historical spending and trends. We also identified efficient and inefficient operational practices from school district performance audits we conducted and interviews of school district staff. Where noted, we adjusted spending data to fiscal year 2020 dollars using the Consumer Price Index published by the U.S. Labor Department, Bureau of Labor Statistics, when analyzing historical spending and trends.

To compare the school districts' operational measures, we developed 2 types of district peer groups. The peer groups are presented in Tables 4 and 5 in Appendix A beginning on pages a-1 and a-5, respectively. Some districts are excluded from the peer average for certain operational measures because their extreme values would skew the peer average. The following districts are excluded from the peer average for all operational measures because their extreme values would skew the peer average: Baboquivari USD, Chinle USD, Crown King ESD, Flagstaff USD, Grand Canyon USD, Kayenta USD, Phoenix ESD, Phoenix UHSD, Piñon USD, Red Mesa USD, Sacaton ESD, and San Carlos USD. Further, if we determined that a district's information for a specific measure is not reliable (NR), we excluded it from peer averages for measures using that data.

- To compare districts' administration, plant operations, and food service cost measures relative to peer groups', we developed operational peer groups using district size, type, and location because these factors are associated with school districts' cost measures in these areas. The 6 district size categories are defined on page c-3. The 2 district type categories are elementary and high school/unified. We grouped union high school districts with unified districts because both districts serve high school students. The 2 location categories are cities/suburbs and town/rural areas. The U.S. Census Bureau classifies districts by distance and population density into 4 main categories: city, suburb, town, and rural. We grouped together districts located in city and suburban areas and grouped together districts located in town and rural areas. Considering these 3 factors, we created 11 operational peer groups to compare district operations in administration, plant operations, and food service operations. These peer groups are labeled Operational 1 through 11, and each includes between 9 and 56 districts.
- To compare districts' transportation cost measures relative to peer groups', we developed transportation peer groups using location and miles per rider because these factors are associated with school districts' transportation cost measures. We grouped together districts based on district location and miles per rider using an average of districts' miles per rider in fiscal years 2016 through 2020. Considering these factors, we created 11 transportation peer groups to compare district operations in transportation. These peer groups are labeled Transportation 1 through 11, and each includes between 11 and 51 districts.

The following describes the data sources for the information presented on the State page (see page 12) and individual district pages (see pages 13 through 219) and that we used for the State analysis presented in Chapters 1 and 2 (see pages 4 through 10). This information is organized into 3 sections: background information, such as the number of districts and schools; spending, such as instructional and other operational spending and other operational measures; and average teacher salary and other measures, such as average years of teacher experience and percentage of teachers in their first 3 years. On individual district pages, "N/A" indicates that information is not available, not applicable, or not appropriate to include because it could reveal personal

information about a small number of district students. “NR” indicates that we determined that the district’s information is not reliable and is, therefore, not being reported.

Background information

- **County**—Our analysis of ADE-provided county data. For district boundaries encompassing more than 1 county, the county in which the district office resides is presented.
- **Legislative districts**—Our analysis of school district and legislative district boundaries.
- **Location**—Our analysis of the National Center for Education Statistics’ fiscal year 2019 (the most recent year for available data) urban-centric locale codes that use geocoding and population information to assign a designation based on proximity to population clusters. The 4 main categories are city, suburb, town, and rural.
- **Number of schools**—Our analysis of ADE’s attending average daily membership (ADM) reports and SFB district-wide building reports.
- **Graduation rate**—For districts serving high school students, the fiscal year 2019 (the most recent year for available data) 4-year cohort graduation rates obtained from ADE in September 2020. The State average is the fiscal year 2019 graduation rate reported by ADE.
- **Students attending/District size**—Our analysis of ADE-provided, school-district-reported attending ADM counts. ADM numbers are rounded to the nearest whole number. District sizes were categorized as follows:

Size	Students attending
○ Very small	Fewer than 200
○ Small	200 to 599
○ Medium	600 to 1,999
○ Medium-large	2,000 to 7,999
○ Large	8,000 to 19,999
○ Very large	20,000+

- **5-year change in students attending**—Our analysis of ADE-provided, school-district-reported ADM counts for fiscal years 2015 and 2020.
- **Special education population**—Our analysis of ADE-provided, school-district-reported special education unduplicated attending ADM counts and ADE-provided, school-district-reported total ADM counts. The district and State percentages were calculated by dividing special education ADM by total ADM.
- **English learner population**—Our analysis of ADE-provided, school-district-reported English learner unduplicated attending ADM counts and ADE-provided, school-district-reported total ADM counts. The district and State percentages were calculated by dividing English learner ADM by total ADM.
- **Poverty rate**—Our analysis of U.S. Census Bureau fiscal year 2019 (the most recent year for available data) *Small Area Income and Poverty Estimates* published in December 2020. District and State poverty rates were calculated by dividing the number of children 5 to 17 years old who were living at or below the federal poverty level by the total number of children 5 to 17 years old living in the district or State.
- **Free/reduced meal eligibility**—Our analysis of ADE-provided, school-district-reported counts of students eligible for free or reduced-price meals. The eligibility numbers are from October 2019. For schools participating in the Community Eligibility Provision, the number of eligible students is determined by the site Identified Student Percentage, as instructed by the U.S. Department of Agriculture. For schools participating in Provision 2 or 3, the number of eligible students is determined by the school’s base year of operation. District and State percentages were calculated by dividing the number of students eligible for free or reduced-price meals by the number of students enrolled.

Spending

- **Spending by operational area**—Our analysis of spending in each operational area divided by total operational spending, using district-reported accounting data and AFRs. The peer average instructional spending percentages were calculated by adding individual districts' instructional spending percentages and dividing by the number of districts in each peer group. The classroom spending percentages were calculated by adding individual districts' instructional, student support, and instruction support percentages. The nonclassroom spending percentages were calculated by adding individual districts' administration, plant operations, food service, and transportation percentages.
- **Operational measures relative to peer averages**—We compared a district's cost measures, such as cost per square foot, and other related measures, such as square footage per student, to its peer group averages. We identified whether the district's cost measures were very low/very high, low/high, or comparable to its peer averages, and indicated the determination by a color bar for each measure. The operational measures and relativity to peer group averages are explained in more detail below. In addition, for the 56 very small districts, we provided comparative information but did not identify the relativity with a color bar because these districts' spending patterns are highly variable and result in less meaningful group averages. The peer averages were calculated by averaging individual districts' numbers for each measure. Some districts were excluded from peer averages for certain operational measures because their extreme values would skew the peer average. The following criteria were used to determine the operational measures relative to peer averages:
 - Green—Very low—Lower than the peer average by more than 15 percent.
 - Blue—Low—Lower than the peer average by 5.01 to 15 percent.
 - Yellow—Comparable—Within 5 percent of the peer average.
 - Orange—High—Higher than the peer average by 5.01 to 15 percent.
 - Red—Very high—Higher than the peer average by more than 15 percent.

Administration

- Cost per pupil: Our analysis of administrative costs divided by the number of students, using district-reported accounting data and ADE-provided ADM data.
- Students per administrative position: The number of students divided by the number of administrative full-time equivalent employees (FTEs), using ADE-provided ADM data and district-reported information on the *School District Employee Report*.

Plant operations

- Cost per square foot: Our analysis of plant operations and maintenance costs divided by the total square footage, using district-reported accounting data and SFB-provided, district-wide building reports.
- Square footage per student: Our analysis of the total square footage divided by the number of students, using SFB-provided, district-wide building reports and ADE-provided ADM data.

Food service

- Cost per meal: Our analysis of food service costs divided by the total number of meals served, using district-reported accounting data and AFRs. Total number of meals served is the sum of total lunches served, total breakfasts served divided by 2, total snacks served divided by 3, and total a la carte sales divided by the district's federal free lunch reimbursement rate in fiscal year 2020.

Transportation

- Cost per mile: Our analysis of transportation costs divided by the total miles driven, using district-reported accounting data and ADE-provided transportation route reports.
- Cost per rider: Our analysis of transportation costs divided by the total eligible riders transported, using district-reported accounting data and ADE-provided transportation route reports.
- **Per pupil spending by area**
 - District—Our analysis of fiscal years 2019 and 2020 operational and nonoperational costs divided by the number of students, using district-reported accounting data and AFRs, and ADE-provided ADM data.
 - Peer average—Our analysis of operational peer districts' per pupil expenditures. The peer group averages exclude districts with extreme or unreliable values and were calculated by averaging individual districts' per pupil expenditures in each operational and nonoperational area.
 - State average—Our analysis of district-reported accounting data and AFRs, and ADE-provided ADM data. The State's per pupil amounts were calculated by dividing total expenditures in each operational and nonoperational area by the total number of students (ADM).
 - National average—National Center for Education Statistics' fiscal year 2018 data, the most recently available national data.
- **Percentage point change in spending by operational area**—Our analysis of the change in the percentage spent in each operational area between fiscal years 2015 and 2020, using district-reported accounting data and AFRs.
- **Lowest, highest, and 2 most recent fiscal years' instructional spending percentages between 2001 and 2020**—Our analysis of district-reported accounting data and AFRs for fiscal years 2001 through 2020. When a district's lowest or highest percentage value occurred in multiple years, the most recent year was reported.
- **COVID-19 federal relief grant spending**—Our analysis of district-reported accounting data and AFRs for fiscal year 2020. Amounts include expenditures from funds 326, 327, and 328, which are designated in Arizona's Uniform Chart of Accounts for the recording of CARES Act funding. Districts can use these federal relief grants from March 2020 through September 2022, and we included only amounts districts used for expenditures they made by June 30, 2020. Total and per pupil spending amounts do not include other expenditures outside of these funds that districts may have used for COVID-19-related expenditures.
 - District total and per pupil—Our analysis of district-reported accounting data and AFRs, and ADE-provided ADM data.
 - Peer average—Peer averages were calculated by adding individual districts' total and per pupil spending respectively and dividing by the number of districts in each peer group.

Average teacher salary and other measures

- **Average teacher salary**—Our analysis of total operational spending for certified teacher salaries (excluding salaries for substitute teachers) for fiscal years 2017 through 2020 from district-reported accounting data and the total number of certified teacher FTEs from district-reported CSF Narratives. The average teacher salary is based on total salaries paid related to teaching duties, including Proposition 301 monies, but does not include any salaries paid for additional duties such as cocurricular activities and athletics. The district and State averages were calculated by dividing the total teacher salaries by the total certified teacher FTEs. If an individual district's average teacher salary graphic has a discontinuous trend line, it means the data is not reliable for particular years.

- **Amount from Prop 301**—Our analysis of the total Proposition 301 (Classroom Site Fund) monies for fiscal years 2017 through 2020 spent on teacher salaries and the total number of certified teacher FTEs from district-reported accounting data and CSF Narratives. The district and State averages were calculated by totaling the Proposition 301 amount paid to teachers and dividing by the total certified teacher FTEs.
- **Students per teacher**—Our analysis of ADE-provided ADM data and certified teacher FTEs as reported by districts on their CSF Narratives for fiscal years 2017 through 2020. The district and State ratios were calculated by dividing total ADM by total certified teacher FTEs.
- **Average years of teacher experience**—Our analysis of district-reported certified teacher FTEs and years of experience obtained from ADE for fiscal years 2017 through 2020. The years of experience includes the actual, uncapped number of years of experience for each certified teacher. The district and State years of experience were calculated by dividing the total number of years of experience by the total certified teacher FTEs.
- **Percentage of teachers in first 3 years**—Our analysis of district-reported certified teacher FTEs and years of experience obtained from ADE for fiscal years 2017 through 2020. The district and State percentages were calculated by dividing the number of certified teachers in their first 3 years by the total number of certified teachers.

We express our appreciation to the Arizona public school districts, Superintendent of Public Instruction, and the staffs of the Arizona Department of Education, the Arizona School Facilities Board, and the County School Superintendents' offices for their cooperation and assistance during this study.

